

## Message Text

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 939

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

USLO PEKING

AMEMBASSY PHNOM PENH

AMEMBASSY RANGOON

AMEMBASSY SAIGON

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AMEMBASSY VIENTIANE

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CINCPAC HONOLULU

CONUSJAPAN FUCHU JA

C O N F I D E N T I A L SECTION 1 OF 3 TOKYO 4191

E.O. 11652: GDS

TAGS: EGEN, PINT, PFOR, MARR, JA

SUBJECT: QUARTERLY ASSESSMENT

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SUMMARY: FOR THE PAST THREE MONTHS, OIL AND INFLATION HAVE DOMINATED

THE CENTER STAGE IN JAPAN, AGAINST A BACKDROP OF POLITICAL MANEUVERING IN ANTICIPATION OF THIS SUMMER'S UPPER HOUSE ELECTION IN WHICH THE GOVERNMENTS' SLIM MAJORITY WILL BE AT STAKE. WITH THE OPPOSITION, SUPPORTED BY ORGANIZED LABOR, DETERMINED TO MAKE "RUNAWAY INFLATION" THE CENTRAL ISSUE OF THOSE ELECTIONS, THE GOVERNMENT HAS TEMPORIZED AND IMPORVISED IN THE FACE OF THE UNAVOIDABLE NEED TO ADJUST JAPAN'S PRICE STRUCTURE UPWARD IN LINE WITH HIGHER ENERGY COSTS. ON THIS AND OTHER MAJOR DOMESTIC PROBLEMS THE GOVERNMENT CLEARLY IS ENGAGED IN A DAMAGE LIMITING STRATEGY, DEFERRING DIFFICULT AND CONTROVERSIAL DECISIONS TO THE EXTENT POSSIBLE UNTIL AFTER THE UPPER HOUSE ELCTIONS. HOW SOON THEREAFTER CONSERVATIVES WILL BE ABLE TO CLOSE RANKS, PERMITTING THE GOVERNMENT TO DEAL MORE FORTHRIGHTLY WITH THR PROBLEMS AT HAND, WILL DEPEND IN LARGE PART ON THE ELECTION OUTCOME.

IN THIS ATMOSPHERE OF INTENSE PREOCCUPATION WITH DOMESTIC CONCERNS, FOREIGN POLICY ISSUES HAVE RECEIVED SOMEWHAT LESS PUBLIC ATTENTION. THE FOREIGN POLICIES OF THE GOVERNMENT HAVE BEEN ATTACKED BY ELEMENTS WITHIN THE LIBERAL DEMOCRATIC PARTY (LDP) OPPOSED TO THE LEADERSHIP OF TANAKA AND OHIRA. BUT THE OPPOSITION HAS NOT JOINED IN THIS ATTACK, EVIDENTLY SEEING MORE POLITICAL MILEAGE IN CONCENTRATING ON INFLATION AND OTHER DOMESTIC POLICY ISSUES. IN THE BACKGROUND, THE GOVERNMENT HAS WORKED STEADILY TO WIN LDP SUPPORT FOR TWO KEY FOREIGN AGREEMENTS: A CIVIL AVIATION PACT WITH CHINA THAT WOULD ACCOMMODATE THE DIVERGENT POLITICAL DEMANDS OF THE PRC AND THE PRO-TAIWAN LDP RIGHTWING; AND A CONTINENTAL SHELF TREATY WITH THE ROK TO WHICH DOVISH ELEMENTS IN BOTH LDP AND THE OPPOSITION ARE NOW OPPOSED.

IN PART REFLECTING THESE CIRCUMSTANCES, THE PAST THREE MONTHS HAVE BEEN A NOTABLY QUIET TIME IN OUR RELATIONS WITH JAPAN. US-JAPAN RELATIONS DID NOT BECOME AN ISSUE IN JAPAN'S "OIL CRISIS", A CIRCUMSTANCE WHICH UNDOUBTEDLY HAS AFFORDED THE GOVERNMENT GREATER LATITUDE IN COOPERATING WITH US IN THE ENERGY ACTION GROUP AND OTHER MULTILATERAL EFFORTS TO DEAL WITH ENERGY AND RELATED PROBLEMS. BOTH GOVERNMENTS THUS FAR HAVE SUCCESSFULLY MANAGED THE PROBLEM CREATED BY THE COLLAPSE OF  
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JAPAN'S SYSTEM FOR RADIATION MONITORING OF US NUCLEAR-POWER VESSELS VISITING JAPAN, AND IN GENERAL US-JAPAN SECURITY ISSUES ARE NOW LESS CONTROVERSIAL THAN AT ANY TIME IN THE PAST SEVERAL YEARS. THE DELAY IN NAMING A NEW AMBASSADOR TO JAPAN WAS A SOURCE OF EMBARRASSMENT TO SOME OF OUR FRIENDS AND OFFERED ANOTHER POINT OF ATTACK TO THE GOVERNMENT'S CRITICS. NEITHER, HOWEVER, IS LIKELY TO HAVE ANY LASTING EFFECT.

OVERALL, THE EVENTS OF THE PAST THREE MONTHS SEEM TO POSE MORE QUESTIONS THAN THEY PROVIDE CLEAR INDICATIONS AS TO FUTURE

TRENDS. WILL THE CONSERVATIVES BE ABLE TO REASSERT EFFECTIVE CONTROL ONCE THE ELECTIONS ARE PAST, OR DOES THEIR CURRENT DISUNITY FORESHADOW A PROTECTED PERIOD OF WEAKNESS AND VACILLATION PENDING SOME BASIC REALIGNMENT OF POLITICAL FORCES? HOW SOON CAN INFLATION BE BROUGHT UNDER CONTROL IN THE FACE OF HIGHER ENERGY COSTS AND WHAT RATE OF GROWTH CAN BE ACHIEVED IN THE LIGHT OF JAPAN'S WEAKER PAYMENTS POSITION? WHAT WILL BE THE EFFECT ON JAPAN'S FOREIGN POLICY OF ITS EFFORT TO SECURE ITS LONG-TERM REQUIREMENTS NOT ONLY FOR ENERGY BUT OTHER RAW MATERIALS AND FOOD? GIVEN THE DEGREE OF OUR INTERDEPENDENCE, THE EVOLUTION OF THESE PROBLEMS WILL TEST THE ABILITY OF BOTH GOVERNMENTS TO DEFINE AND PURSUE COMMON PURPOSES AS WELL AS ACCOMMODATE DIVERGENT INTERESTS AND CIRCUMSTANCES. END SUMMARY.

1. DOMESTIC POLITICS: DURING THE PAST THREE MONTHS WE HAVE SEEN CONSIDERABLE EVIDENCE OF CONFUSION AND DISARRAY WITHIN THE LDP. AS USUAL, THE GOVERNMENT HAS BEEN ON THE DEFENSIVE IN THE DIET, PARTICULARLY ON INFLATION- RELATED ISSUES. BEYOND THIS, MANEUVERING AMONG THE MAJOR CONSERVATIVE FACTIONS HAS INTENSIFIED IN ANTICIPATION OF THE STRUGGLE TO SUCCEED -- OR REPLACE -- PRIME MINISTER TANAKA. VIRTUALLY EVERY POLICY OPTION AVAILABLE TO THE LDP FOR STEMMING INFLATIONARY PRESSURES HAS MAJOR DRAWBACKS FOR ONE OR ANOTHER OF THE KEY ELEMENTS OF THE CONSERVATIVE ESTABLISHMENT -- PARTY POLITICIANS, HIGH LEVEL BUREAUCRATS, BIG BUSINESS. THIS HAS AGGRAVATED STRAINS AMONG THESE GROUPS, EVEN AS IT HAS ENCOURAGED A "DAY LATE AND DOLLAR SHORT" APPROACH TO DOMESTIC ECONOMIC PROBLEMS. LDP PROSPECTS FOR RETAINING MAJORITY CONTROL IN THE UPPER HOUSE ARE UNCERTAIN, ALTHOUGH TO DATE THE OPPOSITION PARTIES HAVE BEEN RATHER UNIMPRESSIVE BOTH IN THEIR ATTEMPTS TO FORGE JOINT ELECTORAL

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STRATEGIES AND TO DEVELOP SUBSTANTIVE FOREIGN AND DOMESTIC POLICY ALTERNATIVES.

EVEN IF THE LDP SHOULD LOSE ITS MAJORITY IN THE UPPER HOUSE, CONSERVATIVE CONTROL OF THE GOVERNMENT WOULD NOT BE IMPERILED. NOR DO RECENT ATTACKS ON OHIA'S CONDUCT OF DIPLOMACY HERALD ANY FUNDAMENTAL SHIFT IN JAPAN'S FOREIGN POLICY PRIORITIES, EVEN IF CONTROL OF THE PARTY SHOULD SHIFT TO MORE CONSERVATIVE FACTION (E.G. FUKUDA). CURRENT TRENDS DO, HOWEVER, REINFORCE THE TIMIDITY AND CAUTION OF THE GOVERNMENT, COMPLICATING AND DELAYING THE PROCESS OF DECISION-MAKING. CONSEQUENTLY:

- WE MAY FIND THE GOJ SOMEWHAT LESS ABLE TO RESPOND EXPEDITIOUSLY TO US INITIATIVES, AND LESS FLEXIBLE IN WORKING OUT PROBLEMS WHICH MAY ARISE IN THE MONTHS IMMEDIATELY AHEAD.
- THE ABILITY OF LDP LEADERS TO TAKE ON AND RESOLVE ADDITIONAL CONTROVERSIAL ISSUES, E.G. NPT RATIFICATION, WILL BE LIMITED AT LEAST FOR THE BALANCE OF THE CURRENT DIET SESSION.
- IN VIEW OF LDP NERVOUSNESS ABOUT ITS ELECTORAL PROSPECTS

AND THE CERTAINTY THAT THE OPPOSITION AND PRESS WOULD  
CHARACTERIZE ANY PRESIDENTIAL VISIT AS A POLITICAL PLOY, I  
BELIEVE THAT CHANCES FOR A SUCCESSFUL TRIP TO JAPAN WOULD BE  
ENHANCED BY SCHEDULING IT AFTER THE DUST OF THE UPCOMING ELCTIONS  
HAS HAD A CHANCE TO SETTLE, E.G. IN THE AUTUMN.

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2. FOREIGN POLICY TRENDS.

A. RESPONSE TO ENERGY CRISIS. WHILE A COHERENT, COMPREHENSIVE,  
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LONG-RANGE NATIONAL ENERGY POLICY HAS NOT YET EMERGED, THE OIL SQUEEZE HAS INCREASED THE SENSE OF URGENCY WITH WHICH THE GOJ IS ATTEMPTING TO (1) SORT OUT ITS POLITICAL RELATIONS WITH OPEC COUNTRIES; (2) DIVERSIFY ITS SOURCES OF ENERGY SUPPLIES; (3) EXPLORE BILATERAL ECONOMIC COOPERATION ARRANGEMENTS WITH MAJOR OIL AND NATURAL GAS PRODUCERS; AND (4) PARTICIPATE WITH CONSUMER COUNTRIES IN EFFORTS TO HOLD DOWN THE PRICES OF CRUDE OIL WHILE WORKING OUT A COOPERATIVE ACTION PROGRAM TO DEVELOP ALTERNATIVE ENERGY SOURCES FOR THE FUTURE.

ACTIVE AND CONSTRUCTIVE PARTICIPATION IN THE EAG AND OTHER MULTILATERAL ENDEAVORS, INCLUDING THE MULTILATERAL TRADE NEGOTIATIONS AND INTERNATIONAL FINANCIAL REFORM, HAS BEEN A CENTRAL ASPECT OF THE GOJ'S RESPONSE TO THE ENERGY CRISIS, AND I WOULD EXPECT SUCH COOPERATION TO CONTINUE. OF COURSE JAPAN WILL NOT NEGLECT OPPORTUNITIES TO EXPLORE BILATERAL NATURAL RESOURCES DEALS. BUT THE LIMITATIONS AND PITFALLS OF THIS APPROACH SEEM TO BE UNDERSTOOD, AND THE GOJ APPEARS RELUCTANT TO PROCEED AT CROSS PURPOSES WITH OUR EXPRESSED OBJECTIVE OF DEVELOPING AN INTERNATIONALLY AGREED CODE OF CONDUCT FOR SUCH DEALS. THEREFORE, I WOULD NOT EXPECT THE JAPANESE TO RUSH INTO BILATERAL AGREEMENTS IN THE MONTHS IMMEDIATELY AHEAD. TO BE SURE, THE GOJ WILL REMAIN SENSITIVE TO ARAB POLITICAL PRESSURES (E.G. IN THE UN SPECIAL SESSION). ITS DESIRE TO AVOID GIVING OFFENSE TO OPEC COUNTRIES, IN COMBINATION WITH DOMESTIC POLITICAL FACTORS, WILL INHIBIT THE GOJ FROM TAKING INTERNATIONAL INITIATIVES IN THE ENERGY FIELD, BUT THEY SHOULD NOT PREVENT IT FROM CONTINUING TO PLAY A CONSTRUCTIVE BEHIND-THE-SCENES ROLE IN THE EAG'S FOLLOW-ON WORK.

B. RELATIONS WITH COMMUNIST COUNTRIES. DURING THE LAST THREE MONTHS THERE HAS BEEN LITTLE FORWARD MOVEMENT IN JAPAN'S POLITICAL RELATIONS WITH CHINA. THE GOJ HAS WORKED HARD TO REMOVE OBSTACLES TO THE CIVIL AIR AGREEMENT WITH PEKING AND SEEMS DETERMINED TO CONCLUDE THAT AGREEMENT WITHIN THE COMING MONTH. TRADE WITH CHINA CONTINUES TO INCREASE AT A RAPID CLIP, AND JAPANESE BUSINESSMEN ARE NOW NEGOTIATING A NUMBER OF LARGE PLANT SLES INVOLVING, IN PARTICULAR, OIL EXTRACTION AND DELIVERY EQUIPMENT. IN RECENT WEEKS, THERE HAS BEEN RENEWED ACTIVITY IN JAPAN-SOVIET RELATIONS ON BOTH THE ECONOMIC AND DIPLMATIC FRONTS, AND THE GOJ WILL PRESUMABLY SEEK TO USE FORWARD MOVEMENT  
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ON THE AIR ACCORD WITH CHINA TO NUDGE THE SOVIETS ON RESOURCE AND TERRITORIAL ISSUES. OVERALL, GOJ POLICIES TOWARD THE PRC AND USSR REMAIN COMPATIBLE WITH OUR OWN APPROACHES; CONTINUED COORDINATION OF POLICY TOWARD THE USSR, HOWEVER, MAY SOON DEPEND TO SOME EXTENT ON OUR ABILITY AND WILLINGNESS TO PARTICIPATE WITH THE GOJ AND JAPANESE BUSINESS INTERESTS IN SIBERIAN RESOURCE VENTURES.

C. DECLARATION OF PRINCIPLES. WITH RESPECT TO THIS ENTERPRISE, THE PUBLIC AIRING OF SHARP DIFFERENCES BETWEEN THE US AND EUROPEAN ALLIES HAS TENDED TO REINFORCE GROWING DOUBTS AMONG JAPANESE OFFICIALS WHETHER THE TRILATERAL DECLARATION PER SE WILL COME TO FRUITION. CONSEQUENTLY, I WOULD EXPECT THE JAPANESE TO CONTINUE TO WAIT ON AMERICAN LEADERSHIP ON THIS PROJECT: WHILE EXPLORING OTHER POSSIBILITIES FOR IMPROVING ECONOMIC AND POLITICAL RELATIONS WITH THE EC COUNTRIES.

3. ECONOMIC RELATIONS. THE RELATED PROBLEMS OF INFLATION AND OIL DOMINATED GOJ CONCERNS IN THE FIELD OF ECONOMIC POLICY. THE IMPACT OF INFLATION CAN SCARCELY BE OVERSTATED. WHOLESALE AND RETAIL PRICES ROSE STEADILY DURING THE QUARTER AND ARE NOW ROUGHLY 37 PERCENT AND 24 PERCENT HIGHER THAN THEY WERE A YEAR AGO. GOJ MEASURES FOR COPING WITH INFLATION, HOWEVER, HAVE BEEN ADOPTED IN A PIECEMEAL FASHION AND HAVE NOT HALTED THE UPWARD SPIRAL OF PRICES. IN THE MONTHS AHEAD THE SITUATION WILL PROBABLY GET WORSE BEFORE IT GETS BETTER, SINCE THE 25-30 PERCENT WAGE INCREASES LIKELY TO RESULT FROM THIS SPRING'S LABOR OFFENSIVE WILL FURTHER STIMULATE CONSUMER DEMAND AND RAISE COSTS, LAST DECEMBER'S OILPRICE INCREASES ARE NOT YET FULLY REFLECTED IN RETAIL PRICES, AND THE JAPANESE CANNOT COUNT ON ANY EARLY BREAK IN THE UPWARD MOVEMENT OF WORLD COMMODITY PRICES. THESE FACTORS COULD PROMPT THE GOJ TO GIVE MORE SERIOUS CONSIDERATION TO AN INCOME POLICY LATER THIS YEAR. A MAJOR UNANSWERED QUESTION IS HOW FAR THE GOJ WILL BE PREPARED TO DEFLATE THE ECONOMY -- AT THE RISK OF A SERIOUS RECESSION -- TO BREAK THE BACK OF INFLATION.

FACED WITH A \$10 BILLION INCREASE IN ITS OIL BILL THIS YEAR, MANY JAPANESE BUSINESS LEADERS ARE NATURALLY INTERESTED IN STIMULATING EXPORT GROWTH. THOUGH I THINK IT HIGHLY UNLIKELY THE GOJ WILL REINTRODUCE OLD METHODS OF GOVERNMENTAL

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INCENTIVES FOR EXPORT PROMOTION, NORMAL BUSINESS INCENTIVES WILL STIMULATE JAPANESE INDUSTRY TO SEEK OUT NEW MARKETS ABROAD IN THE FACE OF SLACK DOMESTIC DEMAND. THE "COOLING" OF THE JAPANESE

ECONOMY ALSO WILL SLOW THE GROWTH OF IMPORTS FROM THE US AS WELL AS FROM MANY OTHER COUNTRIES-- PARTICULARLY EAST ASIAN NEIGHBORS-- WHOSE ECONOMIC PROSPECTS ARE HEAVILY DEPENDENT ON JAPAN'S MARKET. THUS, IT WILL PROBABLY NOT BE POSSIBLE TO HOLD OUR BILATERAL TRADE DEFICIT WITH JAPAN TO THE 1973 LEVEL OF \$1.3 BILLION. IN ADDITION GOJ CONCERN ABOUT A LARGE BALANCE OF PAYMENTS DEFICIT IS PROMPTING IT TO ADOPT STEPS TO SLOW LONG-TERM CAPITAL OUTFLOW AND ENCOURAGE INFLOWS AS WELL AS MEASURES TO REDUCE TOURIST EXPENDITURES ABROAD -- THE JFY 1974 AID BUDGET REQUEST IS NEARLY 25 PERCENT LARGER THAN 1973; REORIENTATION OF AID FLOWS TO PROMOTE ECONOMIC COOPERATION WITH KEY MIDDLE EAST COUNTRIES WILL NOT DIVERT FUNDS FROM SOUTHEAST ASIA (WHERE THE NEED FOR MORE EFFECTIVE ECONOMIC DIPLOMACY WAS EVIDENT DURING TANAKA'S JANUARY TOUR), BUT WILL SERIOUSLY LIMIT AID RESOURCES AVAILABLE FOR PROJECTS IN AFRICA AND LATIN AMERICA.

THE OIL SQUEEZE HAS HEIGHTENED JAPANESE SENSITIVITIES TO OTHER ECONOMIC VULNERABILITIES, PARTICULARLY IN THE AREA OF RAW MATERIALS AND FOODSTUFFS, AND THESE CONCERNS HAVE BEEN REINFORCED RECENTLY BY THE ANNOUNCEMENT OF SUBSTANTIAL INCREASES IN THE PRICE OF OTHER PRODUCTS, E.G. WOOD CHIPS, COAL AND LIQUID PROPANE GAS, SUPPLIED BY US COMPANIES. CONCERNS ABOUT OBTAINING LONG-RANGE ENERGY REQUIREMENTS IS STIMULATING INCREASED JAPANESE COMPETITION FOR OIL AND NATURAL GAS SUPPLIES EVEN AS THE NEED TO PAY A RISING ENERGY BILL IS PRECIPITATING GREATER COMPETITION FOR MARKETS. NEGOTIATIONS ON BRISTOL BY SALMON REMAIN STALEMATED, ILLUSTRATING THE DIFFICULTIES OF ACHIEVING GOVERNMENTAL AGREEMENTS IN AN ELECTION YEAR ON THORNY ECONOMIC ISSUES IN WHICH THE INTERESTS OF POWERFUL GROUPS IN THE US AND JAPAN ARE IN SEEMING CONFLICT. IN THE LIGHT OF THESE CONSIDERATIONS, THERE HAS BEEN SOME INCREASING APPREHENSION AMONG JAPANESE OFFICIALS ABOUT THE REEMERGENCE OF ECONOMIC FRICTIONS WITH THE UNITED STATES LATER THIS YEAR.

SOME OF THEIR CONCERNS ARE ATTRIBUTABLE TO UNCERTAINTIES ABOUT US INTENTIONS. THESE INCLUDE: (1) QUESTIONS AS TO WHETHER IMPLEMENTATION OF "PROJECT INDEPENDENCE" WILL TEND TO

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DOWNGRADE US INTEREST IN JOINT VENTURES IN THIRD COUNTRY RESOURCE PROJECTS, PARTICULARLY IN SIBERIA, (2) ANXIETIES THAT THE TRADE BILL'S PASSAGE MAY BE FURTHER DELAYED AND ULTIMATELY ACHIEVED ONLY THROUGH THE ACCEPTANCE OF CONGRESSIONAL "RIDERS" LIMITING US IMPORTS OF KEY JAPANESE PRODUCTS, AND (3) FEARS THAT THE US MAY REINSTITUTE EXPORT CONTROLS ON FOODSTUFFS AND COMMODITIES.

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IN ORDER TO DEAL WITH THESE UNCERTAINTIES AND TO GUARD  
AGAINST ANY REGRESSION TOWARD PROTECTIONIST OR MERCHANTILIST  
POLICIES, I BELIEVE WE SHOULD BEGIN SOON TO MAKE PLANS TO CONVENE  
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AND ECONCOM IN THE FALL. THE PROSPECT OF AN ACROSS-THE-BOARD RECKONING OF OUR ECONOMIC RELATIONS LATER THIS YEAR MIGHT RESTRAIN SOME TENDENCIES TOWARD BACKSLIDING, AND THE MEETINGS THEMSELVES COULD FACILITATE A HARMONIZATION OF OUR ECONOMIC POLICIES IN THE LIGHT OF CURRENT DEVELOPMENTS IN THE ENERGY, TRADE AND MONETARY FIELDS. IN ADDITION, THE UP-COMING VISIT OF SECRETARY BUTZ, AND THE TECHNICAL DISCUSSION IN WASHINGTON PRECEDING THAT VISIT, OFFER US AN OPPORTUNITY TO DEEPEN OUR DISCUSSIONS WITH THE JAPANESE ON THE SUPPLY-DEMAND SITUATION WITH RESPECT TO KEY FOODSTUFFS AND COMMODITIES. THIS SHOULD HELP US SUSTAIN OUR REPUTATION AS A RELIABLE SUPPLIER OF AGRICULTURAL PRODUCTS AND THUS DAMPEN JAPANESE INTERESTS IN DEVELOPING NEW SOURCES OF SUPPLIES.

4. SECURITY RELATIONS. SECURITY RELATIONS WITH THE GOJ HAVE BEEN SURPRISINGLY TRANQUIL. THE SSC AND SCC MEETINGS WENT OFF WITHOUT A HITCH, THE OKINAWA BASE CONSOLIDATION PLAN WAS ACCEPTED BY BOTH GOVERNMENTS AND THE DIET RECENTLY HAS FOCUSED ALMOST EXCLUSIVELY ON DOMESTIC ISSUES.

SSN VISITS. FOR THE TIME BEING, WE HAVE SUSPENDED VISITS BY NUCLEAR-POWERED VESSELS TO JAPAN IN ORDER TO HELP THE GOJ RESOLVE A MAJOR SCANDAL, UNLEASHED WHEN THE JAPAN COMMUNIST PARTY CAUGHT THE SCIENCE AND TECHNOLOGY AGENCY ACCEPTING AT FACE VALUE FALSIFIED REPORTS SUBMITTED BY A CONTRACTOR DOING LABORATORY ANALYSES FOR THE GOVERNMENT'S NUCLEAR MONITORING PROGRAM. THE GOJ MADE A FULL DISCLOSURE OF THE SITUATION, AND PROMISED TO OVERHAUL THE MONITORING PROGRAM WHICH IS NOW IN SUSPENSION. SINCE AN SSN VISIT TO JAPAN DURING A TIME WHEN THE RADIATION MONITORS ARE INOPERATIVE COULD PRECIPITATE AT LEAST A MINOR CRISIS IN THE SECURITY RELATIONSHIP, WE ARE NOT NOW BRINGING IN ANY SSN'S. WE HAVE BEEN ASSURED THAT SSN'S MAY MAKE EMERGENCY CALLS AT ANY TIME AND HOPEFUL WE WILL BE ABLE TO RESUME REGULAR CALLS BY THE END OF APRIL.

THERE ARE TWO PROBLEMS FOR US. IF THE JAPANESE FAIL TO RESTORE A MONITORING AND ANALYSIS CAPABILITY SWIFTLY, THIS WILL CREATE FURTHER OPERATION INCONVENIENCE AND COMPLICATIONS FOR THE NAVY. FURTHERMORE, THERE IS ALWAYS THE DANGER THAT GOJ MISSTEPS IN HANDLING THIS ISSUE IN THE DIET COULD LEAD TO THE UNRAVELING OF THE WHOLE COMPLEX OF LABORIOUSLY NEGOTIATED

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AGREEMENTS COVERING THE MONITORING SYSTEM IF THAT WERE TO HAPPEN -- AND WE DO NOT RATE IT AS A HIGH POSSIBILITY -- IT WOULD HAVE MAJOR CONSEQUENCES FOR OUR SECURITY INTERESTS IN JAPAN: OPERATIONAL

IMPLICATIONS FOR THE 7TH FLEET AND POLITICAL IMPLICATIONS TO  
EXTENT THAT "SMOOTH AND EFFECTIVE" IMPLEMENTATION OF THE TREATY  
OBVIOUSLY WOULD BE IMPAIRED.  
SHOESMITH

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## Message Attributes

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